

May 11, 2010 Report on the State of the City

This evening I present my fifth State of the City Report. The learning curve for local government leadership is no longer so steep. Our governmental challenges, however, are great and growing.

Let me begin by highlighting 2009 activities. While the audit for the year will not be completed for another month or two, preliminary results show that we came in under budget. Unaudited general fund expenses were under budget by \$65,500. Aggressive monitoring and management of revenues and expenses by our City Staff produced a positive result for our community.

I applaud all of our Staff for belt-tightening within departments. They have carefully watched expenditures; supply and equipment purchases have been postponed. Within the past two years, every Department Head has participated in cost reduction by foregoing an annual wage increase.

Evansville celebrated the grand re-opening of Lake Leota last July and fish re-stocking is underway. In early October we celebrated the grand opening of the beautifully restored Baker Office Building, now home to the Grove Historical Society, Evansville Community Partnership, a local history museum, and a visitors center. Community collaboration brought these multi-year projects to successful conclusions.

Attractive new Welcome to Evansville signs were installed at entrances to the City. Restoration of the dry stone walls along Allen Creek continued.

The Evansville Police Department relocated downtown in the former fire station. A central location better serves the community, as was discussed in our Smart Growth Comprehensive Plan.

Implementation of the Evansville Economic Development Plan adopted in 2008 continued with the formation of CEED, the Council for Evansville Economic Development. CEED includes representatives from the Evansville Economic Development Committee, Chamber of Commerce, Evansville Community Partnership, and School District. CEED is currently working on a manual that outlines the various economic development components, structures, and responsibilities in Evansville.

We continue to see entrepreneurial activity and investment in Evansville. Despite the current economy, we have welcomed new businesses and seen additional investments in and expansions of existing businesses. Unfortunately, there have also been some economic casualties.

Last year City Hall devoted substantial effort in coordination of several grant opportunities. The waste water treatment plant upgrade began, with completion scheduled for later this year. Evansville received \$3,450,287 in funding through the American Recovery and Reinvestment

Act, also known as ARRA. Our community was also awarded \$568,000 in ARRA funding for improvements to County Highway C west from First Street to the City limits. This project was just recently started. At completion of this project, road improvements to the east-west and north-south main thoroughfares in Evansville have been accomplished. The East Main Street Bridge replacement is now scheduled for 2011.

Application was made for an Energy Efficiency Conservation Block Grant, an ARRA program, for lighting retrofits at the Public Works Garage and LED lighting upgrades for City street lights. We were recently notified of an award of \$133,496 for the project. Using a \$50,000 grant award from the U.S. Department of Energy that was administered by the Wisconsin Office of Energy Independence, the City worked year-long to develop a 25 x 25 plan to utilize renewable resources for 25% of municipal electricity and transportation fuel use by the year 2025.

Evansville has been aggressive about seeking grants. In the past four years, we have been awarded more than \$5 million in grants. According to the Legislative Research Bureau, in fiscal year 2005-06, Wisconsin ranked 42nd among the states in federal grant payments per capita to state and local governments. Citizen tax dollars are used in establishing a multitude of grant programs. Other states are benefitting from our tax dollars. It is in the best interest of our residents to bring grant dollars to Evansville; our dollars will fund another community's projects if we don't secure them.

The Evansville Smart Growth Comprehensive Plan was adopted in June 2005. Next month the Plan will have been in effect for five years. The Plan calls for a complete update in 2014, when results of the 2010 Census are available. A five-year interim review of the status of the goals and objectives included in the Implementation Chapter of the Plan is nearly complete and will be discussed in the next few months at the Plan Commission and the Common Council.

Our Comprehensive Plan has not gathered dust on a shelf. I will highlight just a few of our larger accomplishments that were identified as objectives of the Plan.

The waste water treatment plant upgrade addresses the Plan goal to "maintain a sanitary system that is capable of serving the needs of the growing City population." Rather than undertake a short-term fix to address increasing state treatment requirements, the Council approved the long-term upgrade that accomplishes the Plan goal.

Lake Leota restoration has occurred. It is a significant accomplishment towards the goal "to preserve, protect and expand the natural resources of Evansville for the use and enjoyment of present residents, visitors and future generations."

Much effort has been focused on the implementation goal "to expand economic development opportunities to 'grow' and diversify the local economy and improve the City's quality of life." The adopted Economic Development Plan, which includes the formation of the Evansville Inventors and Entrepreneurs Club and CEED, is one of the supporting objectives. Continuous

City website improvements to provide additional demographic and community information, is another.

The City has been aggressive in the use of tax incremental financing to assist local businesses. There are currently four active TIF districts. Since January 2005, the City has provided \$1,879,201 in direct TIF assistance to local businesses. Just over \$1,000,000 of this amount was for downtown redevelopment projects. The City just approved an additional \$13,000 for restoration of 1 East Main Street. In addition, more than \$3 million has been spent on infrastructure in the downtown area and more than \$2 million of infrastructure improvements have occurred on County M. Also, the City has spent \$25,000 for Whalen and Associates' assistance in developing the Economic Development Plan, \$20,000 for a Highway 14 traffic impact analysis on the east side of Evansville to address business traffic concerns raised by the Wisconsin Department of Transportation, and \$8,750 for a redevelopment master plan along Allen Creek, another Comprehensive Plan objective.

A number of businesses have utilized the City Building Façade Improvement Grant Program. The City also has a business revolving loan fund program. The City is utilizing a variety of economic development tools to assist and grow the local economy.

Two interrelated Plan goals, to “revitalize the downtown to enhance its historic charm, mix of businesses, walkable amenities, and tourist potential,” and to “create a destination point for residents and visitors,” have received serious attention. The redevelopment TIF district #5 has been successful in jumpstarting many of the downtown improvement projects.

Many community interests have been hard at work promoting heritage tourism, including the Grove Historical Society, the Robinson Society, local historian Ruth Ann Montgomery, the City, the Eager Free Public Library, the Chamber of Commerce, the Evansville Community Partnership, and the Evansville School District. New community festivals and events like the Harvest Windmill Festival, Windmills on Parade, and Main Street Art Crawl enhance community vitality and promote our local economy.

Creekside Place volunteers, numbering well over 100 citizens, are working diligently to establish a community center in the heart of our community that will bring vibrancy to our downtown. It will also improve the quality of life, building community bonds in Evansville, a goal previously mentioned.

The Common Council committed room tax dollars to a marketing package through Discover Mediaworks. The Discover Wisconsin Evansville television episode will air in seven states next month. Radio spots are scheduled over the next two years. This promotion is timely as businesses continue to be impacted by the current economic environment.

The Comprehensive Plan is being actively used as a guide to community development. Additional Plan discussion will occur in the coming months as committee review of implementation activities is completed.

We face a challenging future. The Wisconsin Taxpayers Alliance reports that the State of Wisconsin has had structural deficits in the last seven biennial budgets. The Wall Street Journal reports that Credit Default Swaps are trading on Wisconsin; there is financial speculation that our state will default. "Governing" magazine discusses the hyperpartisanship of the Wisconsin Legislature which stymies any substantial legislative efforts.

Our local budget is vulnerable to financial decisions and activities of the State Legislature. Intergovernmental revenues are approximately 29% of our annual general fund budget. Cuts in state shared revenue, transportation aid, or the expenditure restraint program will have direct and possibly severe impacts on our budget. Federal legislation adds more complexity to our future budgeting.

Fiscal impacts to local governments typically lag the economy by 18 to 24 months. Economic volatility and stubborn unemployment continue. Budget stresses will be with us for awhile. Local governments are service-intensive. Well over half of our budget is labor-related expense. Budget reductions while minimizing impacts on staff will be challenging. I repeat my goal of avoiding staff reductions while navigating through the impending budget constraints.

As we go forward, we are operating from a starting position of strength. The City has maintained a sufficient general fund balance. Ehlers, our financial consultants for decades, points out that the health of fund balance is critical to municipal fiscal health and creditworthiness. The City has been watchful of its use of debt. The current general fund debt is 41% of allowed debt capacity.

The accomplished projects, activities, and efforts I have mentioned, as well as others, will buffer Evansville from short-term stagnation and deterioration of resources. We will use limited financial resources wisely to maintain our valuable community assets. Community stakeholders, working collaboratively, will need to identify and develop better methods to provide and protect our City's important resources going forward.

I have great confidence in our Common Council. Coming from diversified backgrounds, our Council is practical, frugal, and operates in the best interest of our community.

Our City Staff is diligent and capable. The Common Council and our City Staff will need to be collaborative, flexible, nimble, and innovative in adapting to changing circumstances that may happen suddenly. Maintaining the status quo is not likely. Changes in revenue will necessitate changes in expenditures.

Citizen input will be welcomed and needed. City government represents you. This year we will again solicit citizen suggestions for ways to enhance revenues, reduce expenses, and provide cost-efficient, effective services. I encourage everyone to participate in the conversation.

Behind Wisconsin's current fiscal situation are many longer-term demographic and economic challenges that need attention. Our state has a rapidly aging population, a declining income base, a brain drain of talent, and significant infrastructure repair needs, to identify a few. There are a variety of groups working to move our state in a new direction, such as the Wisconsin Way consortium. The plans under development aim to return our state to economic competitiveness. We must work collaboratively, "sifting and winnowing" the best ideas from the many groups to begin improvements. We cannot afford turf battles or partisan entrenchment. Every citizen needs to become aware. Our situation is serious and it will take all of us to accomplish successful change.

Just minutes ago, we approved committee appointments of several citizens. For the first time since I have been mayor, all committees are filled and I have a waiting list of residents extremely interested in serving our community through committee work. In the current atmosphere of antipathy towards government, Evansville has an active, engaged citizenry that is willing to invest time and talent in making our community an even better home.

I have frequently spoken of the strong volunteer ethic in Evansville. The many wonderful community projects and events that occur are testament to this fact. The community bonds that are developed and strengthened each year make Evansville a truly special place.

A partnership of citizens and our City government will ensure that Evansville will address the challenges at hand and maintain our fiscal and community strengths through appropriate dialogue and decision-making. Together we will keep Evansville strong, secure, and a terrific home.